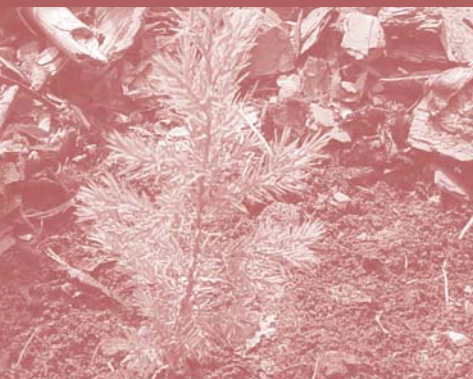


INSTITUTIONAL AND ORGANIZATIONAL DEVELOPMENT

R4 Data Analysis for Annual Performance Report FY2000



EXECUTIVE SUMMARY

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Organizational development refers to strengthening a body of people who work together.

Introduction

The 2000 revision of USAID's Strategic Plan includes the Agency's six strategic goals, management goal, and five cross-cutting themes. Each year, USAID selects one theme for in-depth analysis and reporting in its annual Performance Overview, as mandated by the Strategic Plan. Institutional and organizational development (ID/OD) is the theme of focus in the 2001 Performance Overview.

This report analyzes the ID/OD FY2000 data submitted by Operating Units worldwide. Its analysis covers 63 countries and central programs that submitted the FY2003 Results Report and Resource Requests (R4) report and an institutional development annex. Also reviewed in preparing this report were FY2003 R4 narrative reports of selected countries with several ID/OD Intermediate Results. The FY2003 R4 reported on results achieved in FY2000 and requested resources for FY2003.

As used in this report, institutions are the rules of the game and the measures for enforcing those rules. Institutions also refer to the norms and values manifest in transparency and accountability. The rules and norms may be political, economic, or social. Institutional development refers to strengthening the broad political and economic context within which development processes occur. These include policies, laws, regulations, and judicial practices.

Organizations, for the purposes of this report, are "groups of individuals bound by some common purpose to achieve objectives." For example, individual courts are organizations, whereas the judiciary is an institution. Organizational development refers to strengthening a body of people who work together. It focuses on strengthening an organization's ability to provide quality and effective goods and services and its capacity to be programmatically and organizationally sustainable.

ID/OD interventions are designed to help build or strengthen a host country's capacity to successfully implement and sustain targeted development assistance, such as education initiatives or health programs. In the body of this report, references to the terms capacity building or capacity strengthening fall under what is referred to in this report as ID/OD interventions.

In preparing this report, researchers categorized, coded, and entered ID/OD Intermediate Results into a Microsoft Excel spreadsheet. Analysis of these data revealed that ID/OD interventions reported largely focused on

- Governance—42 percent (15 percent focused on sectoral policy reform and 27 percent on other governance areas, such as constituency building, national leadership, and decentralization;
- Private-sector-led growth—25 percent (19 percent private-sector policy, and 6 percent other private-sector interventions, including income-generating activities, access to markets, and micro-, small- and medium-enterprise growth);
- Service-delivery capacities—14 percent; and
- Management capacities—7 percent.

The above percentages total 88 percent; the remaining 12 percent comprise ID/OD interventions in categories unrelated to capacities, including direct financial support for projects. Two additional observations on the above data deserve mention. First, policy reform activities were identified under governance and private-sector interventions because both sectoral and pro-poor macro-economic policies are key to creating an environment that supports sustainable democratic governance and growth led by the private sector. Second, although only 6 percent of all ID/OD interventions, income-generating activities in the private sector are notable because they significantly increased employment opportunities.

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Hypotheses about ID/OD Support

The analysis serving as the basis for this report examined the following hypotheses, based on the FY2000 data submitted by Operating Units worldwide:

- Hypothesis One—ID/OD support is systematically programmed in the Results Frameworks for most Agency Operating Units;
- Hypothesis Two—ID/OD support systematically cross-cuts the Agency's strategic goals in Operating Units' programs; and
- Hypothesis Three—ID/OD support is provided to the public sector, private for-profit sector, and non-profit sector, consistent with program objectives.

The findings of the analysis support all three hypotheses, as summarized.

HYPOTHESIS ONE

ID/OD support is systematically programmed in the Results Frameworks of most of USAID's Operating Units in countries across the Agency's four geographic regions (sub-Saharan Africa, Asia and the Near East, Europe and Eurasia, and Latin America and the Caribbean). The data indicate that several countries have a high number of ID/OD Intermediate Results under the majority of their strategic objectives. For example, seven countries in the Latin America and Caribbean Region and five countries in the sub-Saharan Africa Region have numerous capacity-building Intermediate Results under all of their strategic objectives. All Operating Units have at least one ID/OD Intermediate Result under the strategic objectives in their Results Frameworks.

HYPOTHESIS TWO

ID/OD support cuts across all strategic goals in countries in the Agency's four geographic regions. The distribution of ID/OD support among the Agency's six goals is as follows:

- Strategic Goal 1: Economic Growth—26 percent;
- Strategic Goal 2: Democracy and Governance—25 percent;
- Strategic Goal 3: Human Capacity Development—7 percent;
- Strategic Goal 4: Population and Health—17 percent;
- Strategic Goal 5: Environment—15 percent;
- Strategic Goal 6: Humanitarian Assistance—4 percent; and
- Multiple Goals: 6 percent.

ID/OD interventions in support of the six strategic goals are discussed below.

Economic Growth

ID/OD interventions for economic growth include supporting private-sector policy environment and reform activities, strengthening financial institutions to enhance their capacity to lend to rural enterprises, enhancing private-sector management capacities, providing capital to financial intermediaries, and strengthening regulatory institutions.

Democracy and Governance

In supporting this goal, ID/OD interventions include enacting policy and structural reform, including drafts of laws and regulations; supporting voter and election processes; and strengthening the capacities of constituencies, non-governmental organizations (NGOs), and civil society organizations (CSOs).

Human Capacity Development

Although many education and training interventions are linked to relevant sector goals, ID/OD interventions are also directly linked to the Agency's human capacity development goal. Activities include supporting production of educational materials; training government officials in information technology; offering study tours to high-level private-sector managers; and providing opportunities to pursue a master's degree in business administration.

Population and Health

Programs in the health sector continue to make up a large share of USAID assistance. In many countries, the Agency is a lead donor in health reform, focusing on integration of reproductive health services into primary care. In supporting the population and health goal, ID/OD interventions include training front-line health workers, who in turn train many peers, financially supporting reproductive health and other preventive health care resources; training local governments in health planning; and strengthening basic health services.

Environment

ID/OD interventions in support of the environment goal are found in 36 strategic objectives with ID/OD Intermediate Results worldwide; this figure comprises 15 percent of all strategic objectives with Intermediate Results. Most of these interventions, however, were undertaken in the Latin America and Caribbean Region and include supporting private reserves, protecting important ecozones, transferring management of classified forests to local communities, and strengthening capacities of park management.

Humanitarian Assistance

ID/OD interventions in supporting this goal often fall under Agency efforts in other goal areas. In Belarus, for example, institutional development is incorporated in USAID's support for the National Emergency Services Training Center's provision of health services.

HYPOTHESIS THREE

All three sectors are involved in ID/OD interventions, as follows: 41 percent, public sector; 29 percent, private for-profit sector; and 30 percent, private non-profit sector. Activities in support of the economic growth and the democracy and governance goals capture the majority of ID/OD involvement of all three sectors. Twenty of the total ID/OD Intermediate Results in the Agency's four geographic regions simultaneously involved all three sectors in ID/OD interventions.

Despite clear evidence of the positive impact of ID/OD interventions, increased ID/OD support is needed in other critical areas.

Simultaneous involvement of all three sectors in ID/OD interventions is evident in only 20 percent of ID/OD Intermediate Results.

Strengths and Weaknesses of ID/OD Interventions

The strength of USAID's ID/OD interventions worldwide are reflected in the following practices:

- Linking grassroots interventions with macro-level policy or institutional changes. USAID has been particularly successful in linking its micro-enterprise interventions with policy and structural reform.
- Mobilizing and supporting civil societies, including NGOs, catalyzing broad citizen participation in ID/OD interventions. In many cases, the impact of interventions was multiplied by training a representative group that in turn trained large numbers of citizens.
- Strengthening the capacity of local NGOs and civil societies to plan and manage educational, health, and environmental conservation activities.
- Supporting strategic partnerships, resulting in advocacy for needed change, leveraging funds, and regional cooperation.

Despite clear evidence of the positive impact of ID/OD interventions, increased ID/OD support is needed in other critical areas. For example, although successful examples exist of micro-level activities contributing to sustainable upstream activities, these interventions often appear to be discrete activities that are not connected to sustainable policy-level support. In some cases, Operating Units report interventions in areas where extreme structural or foundation weaknesses are evident, resulting in limited implementation and sustainable capacities.

Another area of strength has been the development of strategic partnerships across sectors, with simultaneous participation of public, private for-profit, and private non-profit sectors. And, yet, involvement of all three sectors in interventions is evident in only 20 percent of ID/OD Intermediate Results.

Further, even though USAID support is distributed among the three sectors, the data indicate that only 29 percent involve the private for-profit sector, compared with 41 percent of ID/OD Intermediate Results involving the public sector. Given the urgent need to mobilize private-sector growth, this disparity in support is noteworthy. Although the private sector is nascent in many countries, particularly those in sub-Saharan Africa, the largest involvement of the private sector is found in this region.

Conclusions and Recommendations

The analysis that resulted in this report found positive evidence to support the three hypotheses set forth. ID/OD interventions are systematically incorporated into most development assistance programs, cross-cut the Agency's strategic goals, and are distributed among all sectors of the economy. Despite the significance of the strengths noted in the preceding discussion, even greater use of ID/OD processes and strategies could contribute further to the sustainability of development assistance through enhancing national ownership and on-the-ground capacities to sustain the work initiated through USAID assistance.

Although all three economic sectors are significantly involved in interventions, a more balanced approach should be explored. The disparity in public sector and private for-profit sector involvement in interventions is of concern, given the urgent need to mobilize private-sector growth. Additionally, simultaneous involvement of all three sectors in ID/OD interventions is evident in only 20 percent of ID/OD Intermediate Results. While the involvement of all three sectors may not be relevant in some activities, opportunities to support tri-sector coalitions in interventions could be explored for cross-sectoral cooperation, national ownership, and sustainability.

In summary, USAID's comparative advantage appears to be in linking micro-level activities to macro-level policy interventions, developing the capacities of civil society organizations and NGOs to multiply the impact of the Agency's development assistance, and facilitating strategic partnerships to support and augment the foundation of its ID/OD interventions.

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